

QUEENS ECONOMIC
DEVELOPMENT CORPORATION

AUDITED
FINANCIAL STATEMENTS

JUNE 30, 2023

QUEENS ECONOMIC DEVELOPMENT CORPORATION

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Frank Tramontano, Certified Public Accountant

457 – 80th Street
Brooklyn, N.Y. 11209

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Queens Economic Development Corporation

Opinion

I have audited the financial statements of Queens Economic Development Corporation (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2023 and the related statements of activity, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. In my opinion, the financial statements present fairly, in all material respects, the financial position of Queens Economic Development Corporation as of June 30, 2023 and the results of its operation and its cash flow for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Queens Economic Development Corporation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Queens Economic Development Corporation's ability to continue as a going concern for one year from the date the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements. In performing the audit in accordance with GAAS, I

- Exercise profession judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Queens Economic Development Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Queens Economic Development Corporation's ability to continue as a going concern for a reasonable period of time.
- I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I have identified during the audit.

March 25, 2024



QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

| | |
|--|-----------------|
| CURRENT ASSETS | |
| Cash and cash equivalent | \$ 1,507,316 |
| Due from government agencies – Note 3 | 876,056 |
| Other Receivables | 77,895 |
| Other Assets | <u>14,855</u> |
| | \$ 2,476,122 |
| TOTAL CURRENT ASSETS <u>\$ 2,476,122</u> | |
| Leasehold Improvements and Equipment | |
| Leasehold Improvements | 9,070 |
| Equipment and Fixtures | 166,217 |
| Less: accumulated depreciation | <u>(95,486)</u> |
| | 79,801 |
| TOTAL ASSETS <u>\$ 2,555,923</u> | |
| LIABILITIES | |
| Accounts Payable | \$ 67,692 |
| Securities Payable | 57,391 |
| Fiscal Conduit | <u>179,781</u> |
| | \$ 304,864 |
| TOTAL LIABILITIES <u>\$ 304,864</u> | |
| NET ASSETS | |
| Unrestricted | \$ 2,251,059 |
| TOTAL NET ASSETS <u>\$ 2,251,059</u> | |
| TOTAL LIABILITIES AND NET ASSETS <u>\$ 2,555,923</u> | |

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| | <u>Unrestricted</u> | <u>Total</u> |
|--------------------------------------|-------------------------|----------------------|
| <u>Public Support and Revenue</u> | | |
| Government grants | \$ 1,774,606 | 1,774,606 |
| Grants and contributions | 743,364 | 743,364 |
| Program Revenue and Fees – Note 5 | 444,152 | 444,152 |
| In-Kind Office Donation | 40,000 | 40,000 |
| Interest and Other Income | <u>27,539</u> | <u>27,539</u> |
| Total Public Support and Revenue | <u>\$ 3,029,661</u> | <u>3,029,661</u> |
| <u>Expenses</u> | | |
| <u>Program services</u> | | |
| Business services | 1,933,243 | 1,933,243 |
| Training | 386,649 | 386,649 |
| Neighborhood economic development | <u>257,766</u> | <u>257,766</u> |
| Total program services | <u>2,577,658</u> | <u>2,577,658</u> |
| <u>Support Services</u> | | |
| Administrative and general | 323,507 | 323,507 |
| Fundraising | <u>114,741</u> | <u>114,741</u> |
| Total support services | <u>438,248</u> | <u>438,248</u> |
| Total expenses | <u>3,015,906</u> | <u>3,015,906</u> |
| Change in net assets | 13,755 | 13,755 |
| Net assets beginning of year | <u>2,237,304</u> | <u>2,237,304</u> |
| Net assets at end of year | <u>\$ 2,251,059</u> | <u>2,251,059</u> |

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2023

| | PROGRAM SERVICES | | | SUPPORTING SERVICES | | | Program and Supporting Services |
|---------------------------------|-------------------|-----------------------------------|----------|----------------------------|-------------|---------|---------------------------------|
| | Business Services | Neighborhood Economic Development | Training | Administrative and general | Fundraising | Total | |
| \$ | | | | | | | |
| Salary | 776,213 | 103,495 | 155,243 | 145,103 | 47,847 | 192,950 | 1,227,901 |
| Payroll taxes and fringes | 111,837 | 14,912 | 22,367 | 20,906 | 6,894 | 27,800 | 176,916 |
| Total Payroll and fringes | 888,050 | 118,407 | 177,610 | 166,009 | 54,741 | 220,750 | 1,404,817 |
| Telephone and on-line | 16,205 | 2,161 | 3,241 | 2,401 | 0 | 2,401 | 24,008 |
| Postage and Shipping | 532 | 71 | 106 | 177 | 0 | 177 | 886 |
| Office Supplies | 18,243 | 2,432 | 3,649 | 1,280 | 0 | 1,280 | 25,604 |
| Rent- E Space/MIQ | 168,887 | 22,518 | 33,777 | 0 | 0 | 0 | 225,182 |
| Equipment Lease and maintenance | 73,590 | 9,812 | 14,718 | 5,164 | 0 | 5,164 | 103,284 |
| Facility Maintenance | 48,826 | 6,510 | 9,765 | 0 | 0 | 0 | 65,101 |
| Staff Development/ Training | 746 | 99 | 149 | 0 | 0 | 0 | 994 |
| Depreciation | 20,569 | 2,743 | 4,114 | 0 | 0 | 0 | 27,426 |
| Utilities | 48,239 | 6,432 | 9,648 | 0 | 0 | 0 | 64,319 |
| Meetings/Workshops/Events | 47,909 | 6,388 | 9,582 | 0 | 0 | 0 | 63,879 |
| Contract/Consulting | 190,954 | 25,460 | 38,191 | 0 | 0 | 0 | 254,605 |
| Consultant E-Space | 44,550 | 5,940 | 8,910 | 6,600 | 0 | 6,600 | 66,000 |
| Marketing and Printing | 70,807 | 9,441 | 14,162 | 0 | 0 | 0 | 94,410 |
| Printing and Job Ad | 0 | 0 | 0 | 4,762 | 0 | 4,762 | 4,762 |
| Consultant/Lobbying | 0 | 0 | 0 | 0 | 60,000 | 60,000 | 60,000 |
| Payroll Service | 0 | 0 | 0 | 7,129 | 0 | 7,129 | 7,129 |
| Insurance | 6,629 | 884 | 1,326 | 8,839 | 0 | 8,839 | 17,678 |
| Travel | 4,147 | 553 | 829 | 614 | 0 | 614 | 6,143 |
| Accounting/Audit | 0 | 0 | 0 | 74,000 | 0 | 74,000 | 74,000 |
| Subscription, fees and dues | 3,966 | 529 | 793 | 5,288 | 0 | 5,288 | 10,576 |
| Program Expense (start up) | 280,394 | 37,386 | 56,079 | 0 | 0 | 0 | 373,859 |
| In-Kind Office Donation | 0 | 0 | 0 | 40,000 | 0 | 40,000 | 40,000 |
| Miscellaneous | 0 | 0 | 0 | 1,244 | 0 | 1,244 | 1,244 |
| Total | \$ 1,933,243 | 257,766 | 386,649 | 323,507 | 114,741 | 438,248 | 3,015,906 |

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

| | | |
|---|----|-----------|
| Increase in net assets | \$ | 13,755 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Increase in due from government agencies | | (118,038) |
| Decrease in other receivable | | 52,769 |
| Decrease in Prepaid expenses | | 2,073 |
| Increase in Fixed Assets | | (4,064) |
| Increase in accounts payables | | 23,199 |
| Decrease in Security Payables | | (16,600) |
| Decrease in Salary Payable | | (10,765) |
| Increase in Fiscal Conduit Expenses | | 179,781 |
| Net cash increased from operations | | 122,110 |

BEGINNING CASH AND CASH EQUIVALENTS **1,385,206**

ENDING CASH AND CASH EQUIVALENTS **\$ 1,507,316**

See accompanying notes to financial statements.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1

Organization

Queens Economic Development Corporation (QEDC) was established in 1976 as a not-for-profit corporation to carry out economic development planning and promote projects and other economic activities for public objectives in Queens County in the State of New York.

QEDC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code and similar provisions of the State code.

Note 2

Summary of significant accounting policies

The accompanying financial statements have been prepared on the accrual basis of accounting.

Support

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. QEDC reports gifts of cash and other net assets as restricted support if they are received with donor stipulations that limit the use of donated assets, or if they are designated for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. QEDC has no restricted assets.

Cash and cash equivalent

Cash and cash equivalent consist of cash held in checking, money market, annuity investments and term deposits. These accounts are maintained at five major financial institutions. Management believes QEDC is not exposed to any significant credit risk on cash and cash equivalent.

Fixed assets

Acquisitions of fixed assets are capitalized and depreciated using the straight-line method over their estimated useful lives.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2

Summary of significant accounting policies (continued)

Equipment purchased with government-funded grants are charged as expense and included in the statement of activities and functional expenses in accordance with the provisions of grant agreements. Those equipment are properties of the funding agencies and retained by QEDC for the performance of QEDC's program or related activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3

Due from government agencies

As of June 2023, due from government agencies consisted of the following:

| | |
|--|-------------------|
| NYS Economic Development Corporation | 529,625 |
| US Small Business Administration | 251,217 |
| NYC – CWE | 50,000 |
| NYC Small Business Administration | 35,628 |
| NYC Dept. of Youth and Community Development | <u>9,586</u> |
| Total | \$ <u>876,056</u> |

Note 4

Program Revenue

In 2010 QEDC started a new program to spur economic development among cooking entrepreneurs. Operating as a disregarded entity, The Entrepreneur Space provides a professional commercial kitchen for rent on an as needed basis to aspiring caterers, bakers, candy and condiment makers and others. The Incubator also provides business counseling and office space rental. Operating revenue from its operations was \$416,882 in 2023 down almost 25% from 2022.

Note 5

In-kind contributions

Since 1997, QEDC moved into an office space provided by the Queens Borough President's Office. The office space plus maintenance, and utilities were being provided without charge. Total occupancy cost was estimated at \$40,000 per year.

QUEENS ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6

Functional allocation of expense

The costs of providing QEDC services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs.

Note 7

Contingencies

All government grants are subject to audit by funding agencies. No provision has been made for any liabilities which may arise from such audit since the amount, if any, can not be determined at this date. Disallowances or adjustments, if any, will be reflected in the financial statements in the year of settlement.

Note 8

Concentration

QEDC receives funding from various government agencies under contract grant agreements subject to renewal on a year to year basis. For the year ended June 30, 2023 59% of the funding was from such contracts.